

Insurance Outreach Services for Small Businesses

Background

Wisconsin has a strong economic interest in the success of small businesses. Recent statistics from the Department of Workforce Development (DWD) suggest that approximately 20% of state residents are employed by small businesses. Managers of small businesses need to deal with complex issues such as business plans, accounting systems, payroll processes, employee recruitment, cash flow problems, marketing, and risk management. They often have few resources available to them to deal with these complicated issues, and often do not know whom to contact when they have questions. Lack of resources causes a significant portion of small businesses to fail in their first few years.

In order to attract employees, small employers try to offer competitive salaries and benefits. Small businesses have found it increasingly more difficult to obtain affordable health insurance for themselves and their employees. Many small employers have seen premium increases over 50% in the past year.

Small businesses have to deal with a large array of insurance needs such as business owner's policies, auto insurance, Workers Compensation, property and casualty insurance, liability insurance, flood insurance, health insurance and life insurance. Larger companies often have full time staff dedicated to these functions; the time needed to investigate each of these concerns is considerable.

Option

Increase OCI education and outreach efforts to small employers. This effort could include gathering data on subjects such as what factors are driving health insurance costs and sharing this information with small businesses to assist them in identifying factors contributing to health insurance cost increases; speaking to business groups and developing and maintaining brochures that address the insurance needs of small businesses. With the advent of the Internet, businesses increasingly expect to have information available to them 24 hours a day, 7 days a week. To address this, OCI could create and maintain a web page devoted to small business insurance.

Pros

- Additional information may assist small employers in becoming more informed purchasers.
- These efforts may save employers time in shopping for insurance and allow them more time to run their businesses.

Cons

- Because this option does not include additional resources, this activity may slightly reduce OCI staff time on other insurance issues.